AMENDMENTS TO THE SPECIFICATION:

Please amend the Cross Reference to Related Applications section on page 1 of the specification as follows:

--This application claims the benefit of US Provisional ~~Applications Serial~~ Application No. 60/442,491 filed January 24, ~~2003. The 60/442,491 application~~ 2003, which is incorporated herein by reference.--

Please amend the second paragraph of page 5 of the specification, at lines 9 to 24, as follows:

-- As shown in Block A of Fig. 1, the first step is to provide data and derive from the data estimates, which will be used for evaluating the portfolio. Typically the item being leased is subject to depreciation. It is desirable to provide a forecast estimate of depreciation as a function of time. Enhanced accuracy can be obtained by adjusting for inflation and the cost of resale. Hence it is desirable to provide a forecast estimate of inflation as a function of time and an estimate of the cost of resale. Moreover certain occurrences can affect the residual value loss risk presented to the lessor. For example, the lease may be subject to early termination, return of the item during the lease term at maturity, or rights of the leasee to purchase the item during or at maturity. These three occurrences -- 1) early termination, 2) return and 3) purchase -- are essentially mutually exclusive and modulate the lessor's risk in different ways. Early termination by the ~~leasee~~ lessee, which can occur any time during the lease, typically presents credit risk rather than value risk. Return presents depreciation and cost of sale risk dependent on the time of

return, and purchase presents risk dependent on the price, time of purchase and inflation. Evaluating the portfolio and providing an appropriate reserve require an estimate of the probabilities of the types and timing of the occurrences that can have significant affects on residual value loss risk.--

Please amend the paragraph starting on page 6 of the specification, at line 24 and ending on page 7 at line 3, as follows:

-- First, the modulating occurrences are identified and estimates of their probabilities are provided. For example, in auto leasing the primary occurrences are 1) early termination, 2) return and 3) purchase. Assume for purposes of explanation, that the probabilities of these occurrences are P_1, P_2 and P_3, ~~respectfully~~ <u>respectively</u>. (It is assumed that P_1, P_2 and P_3 are mutually exclusive and $P_1 + P_2 + P_3 = 1$.)--

Please amend the first paragraph of page 12 of the specification, at lines 1 to 11, as follows:

-- Fig 10 shows the steps of block **43**. The historical termination / sale data is read in, in step **1001**. In step **1002**, cumulative data functions (CDFs) are created from the historical data. In the exemplary embodiment there are approximately 67 CDFs for the early termination date, 361 CDFs for purchase termination date, 361 return termination date CDFs. Each function represents an option to a particular account. Particular CDF curves can be generated from the CDFs **1003** and then applied to specific accounts. The CDF curves can be selected ~~base~~ <u>based</u> on an account criterion such as the date of maturity

of a particular account. Selected CDF curves are applied to the accounts based on date of account maturity in block **1004**. A Monte-Carlo analysis is performed based on the CDF curves to generate five dates that are output for each account in step **1005**. The five dates are the early termination date, the purchase termination date, the return termination date, the purchase sale date, and the return sale date.--